

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

In the Matter of )  
)  
Policies and Rules Governing )  
Interstate Pay-Per-Call and )  
Other Information Services )  
Pursuant to the Telecommunications )  
Act of 1996 )  
)  
In the Matter of )  
)  
Policies and Rules Implementing )  
the Telephone Disclosure and Dispute )  
Resolution Act )

CC Docket No. 96-146

DOCKET FILE COPY ORIGINAL

CC Docket No. 93-22

**COMMENTS OF THE COMMONWEALTH  
OF THE NORTHERN MARIANA ISLANDS**

The Commonwealth of the Northern Mariana Islands ("Commonwealth"),<sup>1</sup> by its attorneys and pursuant to the Commission's Order and Notice of Proposed Rulemaking released July 18, 1996 ("Notice"), hereby submits its initial comments in the above-captioned matter.

**I. INTRODUCTION**

The Commonwealth consists of 14 islands strategically located in the North Pacific Ocean approximately 3,300 miles west of Honolulu, 1,200 miles southeast of Tokyo and 50 miles north of the Territory of Guam. The Commonwealth is a self-governing commonwealth in political

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<sup>1</sup> These Comments are filed by the Office of the Governor on behalf of the people of the Commonwealth.

union with and under the sovereignty of the United States. The relationship between the Commonwealth and the United States is governed by the "Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America."<sup>2</sup>

Micronesian Telecommunications Corporation ("MTC") is the sole provider of both local exchange services and exchange access services in the Commonwealth. MTC is also the dominant provider of domestic and international off-island services in the Commonwealth and controls access to all off-island facilities.<sup>3</sup>

As a U.S. commonwealth, the Commonwealth has sought closer integration into the U.S. telecommunications infrastructure. These efforts have recently been successful. For example, the Commonwealth is now scheduled to become part of the North American Numbering Plan ("NANP") effective July 1, 1997.<sup>4</sup> In addition, the Commission recently adopted a Report and Order<sup>5</sup> adopting its proposed rule to extend rate integration to the Commonwealth pursuant to

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<sup>2</sup> See 48 U.S.C. § 1801 note (Supp. 1995), approved by Congress in Public Law 94-241 (Mar. 24, 1976), 90 Stat. 263 ("Covenant"). The Covenant was entered into following a plebiscite held under the United Nations' supervision in which the residents of the Commonwealth voted to enter into political union with the United States as a commonwealth.

<sup>3</sup> For a discussion of MTC's monopoly position in the Commonwealth, see Comments of the Commonwealth, to the Notice of Proposed Rulemaking in CC Docket No. 96-61, at 2-7 (Apr. 19, 1996).

<sup>4</sup> See Letter from the Commonwealth of the Northern Mariana Islands to Regina Keeney, Chief, Common Carrier Bureau, at 3 (June 19, 1996).

<sup>5</sup> In re Policy and Rules Concerning the Interstate, Interexchange Marketplace; Implementation of Section 254(g) of the Communications Act of 1934, as amended, Report and Order, FCC 96-331 (Aug. 7, 1996) ("Report and Order").

Section 254(g) of the Telecommunications Act of 1996, as amended ("1996 Act").<sup>6</sup> According to the Commission's Report and Order, interexchange carriers serving the Commonwealth are required to implement rate integration no later than August 1, 1997. In short, by this date, the Commonwealth will be fully integrated in the U.S. telecommunications infrastructure and will be subject to the same rules and policies under the Communications Act of 1934, as amended,<sup>7</sup> as any other U.S. point.

Notwithstanding the Commonwealth's integration into mainland U.S. policies, MTC's practice in the Commonwealth is to charge its customers to access 800 numbers which terminate at locations in the contiguous U.S. According to MTC's 1996 Telephone Directory, "MTC also offers paid direct dial access to U.S. 800 numbers that are accessible from the entire domestic U.S. These calls are charged at MTC's economical direct dial rates." A copy of the page from the Telephone Directory describing MTC's 800 Service is attached. It is the Commonwealth's understanding that MTC charges customers direct dial rates for the "international"<sup>8</sup> portion of the call to connect with mainland U.S. 800 numbers.

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<sup>6</sup> Pub. L. No. 104-104, 110 Stat. 56 (1996)(to be codified at 47 U.S.C. § 151 et seq.).

<sup>7</sup> Communications Act of 1934, 47 U.S.C. § 151 et seq.

<sup>8</sup> Notwithstanding the fact that MTC has tariffed its services between the Commonwealth and the contiguous U.S. as international, the Commonwealth is a domestic point. See Report and Order at ¶ 55. The Commonwealth recently addressed MTC's status as an independent local exchange carrier which, in its interexchange operations, should be subject to regulation as a domestic carrier in its service offerings to U.S. points under the Commission's Competitive Carrier proceedings. See Comments of the Commonwealth to the Notice of Proposed Rulemaking in CC Dkt. No. 96-149, at n. 15 (Aug. 15, 1996).

## II. THE COMMISSION SHOULD CLARIFY THAT MTC CAN NO LONGER CHARGE FOR 800 SERVICE IN THE COMMONWEALTH

The Commonwealth submits the instant Comments to ensure that the Commission's Rules adequately address the anomalous situation which exists in the Commonwealth under which MTC routinely bills end users for 800 calls. As shown below, the Commission should clarify that this practice is inconsistent with the 1996 Act and thus must cease immediately, or alternatively, no later than July 1, 1997, the date the Commonwealth will become part of the NANP.<sup>9</sup>

Section 228(c)(7)(A) of the 1996 Act unambiguously prohibits the use of toll-free numbers "in a manner that would result in the calling party being assessed, by virtue of completing the call, a charge for the call."<sup>10</sup> According to the legislative history, the 1996 Act's amendments to Section 228 "protect unsuspecting callers from being charged for 800 calls that they expect to be toll-free ..." and "close a loophole in current law, which permits information providers to evade the restrictions of Section 228 by filing tariffs for the provision of information services."<sup>11</sup> The Commission's Notice recognizes that such abusive practices "have threatened public confidence in toll-free numbers and left telephone subscribers vulnerable to unexpected charges ... and subject to disconnection of local and long distance service for failure to pay such charges ...."<sup>12</sup>

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<sup>9</sup> This date, July 1, 1997, makes sense from a technical standpoint because it is the date that the Commonwealth will become part of the NANP. As of this date, the Commonwealth will receive an area code (i.e., 671) and, like any other U.S. NANP point, should be served by true 800 calling.

<sup>10</sup> 47 U.S.C. § 228(c)(7)(A).

<sup>11</sup> Joint Statement of the Committee of Conference, S. Conf. Rept. No. 104-230, 104th Cong. 2nd Sess. at 202-203 (1996).

<sup>12</sup> Notice at ¶ 39.

In addition to being in violation of the 1996 Act, MTC's practice of charging for 800 calls is also undesirable for other important public policy reasons. First, it impairs public confidence that 800 calling will be toll-free. While local Commonwealth residents may be familiar with MTC's practice of charging for 800 calls, travelers from the contiguous U.S. and other worldwide locations are not, and will undoubtedly sustain exceptionally high<sup>13</sup> -- and unexpected -- charges for calls to 800 numbers. Second, and perhaps most importantly, the practice is inconsistent with the recent Report and Order of the Commission adopting rules to implement rate integration as well as the recent action of the NANP Administrator incorporating the Commonwealth into the NANP. Both of these actions evince an intent to fully incorporate the Commonwealth into the U.S. telecommunications infrastructure. The Commonwealth's entry into the NANP demonstrates that domestic 800 dialing between the Commonwealth and the contiguous U.S. will be technically possible, while rate integration shows the Commission's intent that calls between the Commonwealth and U.S. points be charged at rates no higher than the cost of calls in other states. Allowing MTC to charge exceedingly high international rates for 800 calls between the

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<sup>13</sup> Despite MTC's reference to its "economical" direct dial rates, charging callers for such calls subjects them to non-rate integrated, direct dial rates which are many times higher than comparable rates in the longest mileage band for calling within the contiguous U.S. MTC's direct-dialed rates are \$1.85 for the first minute and \$1.55 for each additional minute for direct-dialed daytime calls (Tues. - Fri.) for Message Toll Telephone Service between the Commonwealth and U.S. mainland (excluding Alaska). See MTC Tariff F.C.C. No. 1, 3rd. Original Page 16B, dated Feb. 1, 1996. By contrast, U.S. Sprint charges \$0.35 for the first minute and \$0.35 for each additional minute for direct-dialed daytime calls for MTS service to locations within the contiguous U.S. up to 4,251 miles apart. See U.S. Sprint F.C.C. No. 1, page 168. Thus, a 15 minute call from the Commonwealth to a contiguous U.S. domestic point could cost \$23.55 under the MTC tariff, as opposed to \$5.25 under the Sprint tariff. While it is difficult to compare MTC's rates with those of domestic U.S. carriers, suffice it to say that MTC's charges for calls between the Commonwealth and the mainland are several magnitudes higher than typical rates for calls between domestic, contiguous points.

Commonwealth and the mainland U.S. would frustrate the widely accepted goal of incorporating the Commonwealth into the U.S. telecommunications infrastructure.

### **III. CONCLUSION**

Accordingly, the Commonwealth believes that MTC's practice of routinely charging callers for 800 calls is inconsistent with Section 228 of the 1996 Act as well as the Commission's policies. Given the Commonwealth's status as a U.S. commonwealth, the Commission should declare that, effective immediately, MTC will no longer be allowed to charge for 800 calls originating in the Commonwealth. Alternatively, and at the latest, MTC should cease charging for 800 calls by July 1, 1997.

Respectfully submitted,



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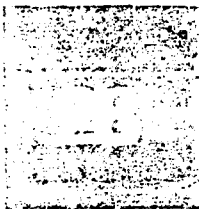
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COUNSEL FOR THE COMMONWEALTH  
OF THE NORTHERN MARIANA ISLANDS

Dated: August 26, 1996

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**Attachment**



# CATALOG

MTC is a full-service telecommunications company with a wide variety of services to meet your residential and business communications needs. For more information on residential and single-line business services, contact our Customer Service Centers on Saipan (234-7143), Rota (532-3599), and Tinian (433-0210). Multi-line business customers please call our Business Sales Office at 682-2877.

## **MTC LONG DISTANCE**

Choose MTC as your preferred long distance company and enjoy the value, commitment, and service you expect from the best, including: clear, reliable connections over fiber optic and digital technology; competitive rates; economical one-minute minimum direct-dial rates for voice and fax worldwide; free, convenient World Pass<sup>SM</sup> Calling Card; free International 800 service and paid access to U.S. 800 numbers; technical expertise backed by the strength of GTE; and operators located on Saipan. To sign up for MTC Long Distance, call 682-2877 or stop by the MTC Customer Service Center.

## **WORLD PASS<sup>SM</sup> CALLING CARDS**

You can use your World Pass<sup>SM</sup> Card to call interisland or long-distance from any phone in the CNMI (except those totally restricted for long distance) and charge it to your home or business phone number. There is no fee or surcharge for the card, and calls can be direct-dialed to take advantage of MTC's economical direct dial rates. Apply at the MTC Customer Service Center. See also page 10.

## **INTERNATIONAL OPERATOR DIRECT CONNECTION**

Operators at selected overseas locations can be called directly from the CNMI by dialing free MTC access numbers. Customers can speak to operators in their own language to place a calling card or collect call. Please see the back cover of this phone book for access numbers. For additional codes, consult your long distance carrier (00).

## **800 SERVICE**

MTC offers free International 800 service to CNMI customers in cooperation with other international carriers. Since there are thousands of U.S. 800 numbers, and only a few companies have included the CNMI in their toll-free calling area. MTC also offers paid direct dial access to U.S. 800 numbers that are accessible from the entire domestic U.S. These calls are charged at MTC's economical direct dial rates.

**Free International 800 Service:** Dial 1 + 800 + XXX-XXXX

**Paid Access to 800 Numbers:** Dial 011 + 1 + 880 + XXX-XXXX

## **LONG DISTANCE CALLING CENTERS**

Make overseas calls at economical direct dial rates at MTC Long Distance Calling Centers located conveniently throughout the CNMI. Some centers also offer facsimile service. Look for the "MTC" sign or call 682-2877 for the location nearest you.